

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 3648 – HB 3893

February 26, 2010

SUMMARY OF BILL: Exempts from sales and use tax any food, prepared food and meals, and tickets to events that include food, prepared food or meals, when sold by non-profit organizations which are exempt under the Internal Revenue Code, and when such sales take place no more than 24 times per year.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – \$158,600

Decrease Local Revenue – \$56,600

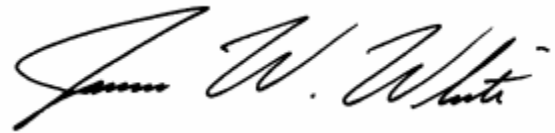
Assumptions:

- According to the Department of Revenue (DOR), total revenue for non-profit organizations as determined by the National Center for Charitable Statistics was \$28.32 billion in 2009.
- According to DOR, and based on Internal Revenue Service data, four percent of total revenue to non-profit entities is considered sales revenue (\$1,132,800,000).
- Based on Tennessee population estimates, relative to national population estimates, two percent of non-profit sales revenue (\$22,656,000) was from non-profit entities domiciled in Tennessee.
- Based on information provided by DOR, ten percent of sales revenue generated by non-profit entities domiciled in Tennessee is derived from food sales and ticket sales (\$2,265,600).
- The current state sales tax rate is seven percent.
- The average local option sales tax rate is estimated to be 2.5 percent.
- The decrease to state revenue is estimated to be \$158,600 per year ($\$2,265,600 \times 7.0\% = \$158,592$).

- The decrease to local government revenue is estimated to be \$56,600 per year ($\$2,265,600 \times 2.5\% = \$56,640$).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/rnc